

## Message Text

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ACTION EUR-12

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C O R R E C T E D C O P Y

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: TRADE COMMITTEE MEETING PARIL 30: TRADE  
PLEDGE RENEWAL

SECRETARIAT DOCUMENT TD/5057 CONTAINS FOLLOWING DRAFT  
COMMENTS ON RENEWAL OF TRADE PLEDGE FOR DISCUSSION AT  
APRIL 30 MEETING OF TRADE COMMITTEE UNDER AGENDA ITEM 4.

BEGIN TEXT: IN RENEWING THE DECLARATION OF 30TH MAY,  
1974 FOR PERIOD OF ONE YEAR AS FROM 30TH MAY, 1975,  
THE GOVERNMENTS OF THE OECD COUNTRIES NOTED THE FOLLOW-  
ING COMMENTS WHICH ILLUSTRATE THE SPIRIT IN WHICH THEY  
INTEND TO CONTINUE ITS IMPLEMENTATION.

1. APART FROM THE PERSISTENCE OF BALANCE-OF-PAYMENTS  
PROBLEMS AND INFLATION, THE DECLINE IN ECONOMIC ACTIVITY  
AND EMPLOYMENT, AND INCREASED STRUCTURAL AND SECTORAL  
PROBLEMS GIVE GROUNDS FOR CONCERN. THE PRESENT DIFFI-  
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CULTIES, WHETHER OR NOT RESULTING FROM THE INCREASE IN

OIL PRICES, ARE AFFECTING INDIVIDUAL COUNTRIES DIFFERENTLY. BUT THEIR GENERALISED CHARACTER INCREASES THE DANGER THAT UNILATERAL MEASURES TO COPE WITH THEM IN THE FIELD OF TRADE AND OTHER CURRENT TRANSACTIONS MIGHT START CHAIN REACTIONS AND MAKE THE GENERAL SITUATION WORSE. THE JOINT UNDERTAKING TO AVOID FURTHER HARMFUL UNILATERAL ACTION OF THIS KIND REMAINS ENTIRELY VALID.

2. IN THE SAME SPIRIT, AND IN ORDER TO CONTRIBUTE TO THE GENERAL AIMS OF THE DECLARATION, MORE ACTIVE USE SHOULD BE MADE OF THE PROCEDURE FOR NOTIFICATION AND CONSULTATION CONCERNING CHANGES IN POLICIES AND PRACTICES WITH REGARD TO TRADE AND OTHER CURRENT TRANSACTIONS. FURTHERMORE, WHEN SEVERAL COUNTRIES ARE CONFRONTED WITH THE SAME STRUCTURAL OR SECTORAL PROBLEMS, AD HOC CONSULTATIONS RELATING TO THE SITUATION OF A PARTICULAR SECTOR TO STRUCTURAL FACTORS WHICH MIGHT HAVE TRADE IMPLICATIONS SHOULD FACILITATE THE PURSUIT OF POSITIVE AND MUTUALLY ACCEPTABLE SOLUTIONS.

3. GIVEN THE IMPORTANT ROLE IN INTERNATIONAL COMPETITION OF THE TERMS ON WHICH EXPORTS ARE FINANCED, AN AGREEMENT OF A GENERAL NATURE COVERING ALL THE INDUSTRIALISED COUNTRIES OF OECD IS A MAJOR FACTOR OF INTERNATIONAL COOPERATION IN THE SPIRIT OF THE DECLARATION AND ITS RENEWAL. THIS POINT WAS ALREADY STRESSED WHEN THE DECLARATION WAS INITIALLY ADOPTED. ALTHOUGH SOME PROGRESS HAS BEEN MADE, THE WORK ENVISAGED IS NOT YET COMPLETE AND NEEDS, THEREFORE, TO BE INTENSIFIED SO THAT SATISFACTORY COMPROMISE SOLUTIONS TO QUESTIONS STILL IN DISPUTE CAN BE RAPIDLY ACHIEVED.

4. THE FINANCIAL SUPPORT FUND PROVIDES SUBSTANTIAL BACKING FOR THE APPLICATION OF THE DECLARATION AND COMPLEMENTS THE DEFENCES ERECTED AGAINST THE DANGERS OF THE PRESENT SITUATION--A SITUATION REQUIRING THAT ECONOMIC COOPERATION IN GENERAL BE STRENGTHENED. IN PARTICULAR, GIVEN THE PRESENT LOW LEVEL OF DEMAND, ECONOMIC MANAGEMENT IN COUNTRIES WITH VERY LARGE DEFICITS IS SUBJECT TO UNUSUALLY SEVERE CONSTRAINTS, BECAUSE LIMITED OFFICIAL USE

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MEASURES TO SUPPORT DEMAND WILL INCREASE THEIR EXTERNAL DEFICITS. COORDINATION OF DOMESTIC ECONOMIC POLICIES IS ESSENTIAL TO THE CORRECTION OF EXTREME SITUATIONS AND TO BETTER BALANCE BETWEEN MEMBER COUNTRIES, AND INTERNATIONAL COOPERATIVE ACTION IS NECESSARY TO AVOID EXCHANGE RATE FLUCTUATIONS WHICH DO NOT REFLECT FUNDAMENTAL CHANGES IN COMPETITIVE POSITIONS.

5. THE PRESENT SITUATION IS PARTICULARLY UNFAVORABLE  
FOR THE NON-OIL DEVELOPING COUNTRIES. THE DECLARATION  
DOES NOT REQUIRE RECIPROCITY WITH REGARD TO NON-  
SIGNATORY COUNTRIES AND, IN PARTICULAR, THOSE IN COURSE  
OF DEVELOPMENT. INCREASED EFFORTS ARE NEEDED TO PREPARE  
AND APPLY POLICIES IN FAVOR OF THE NON-OIL DEVELOPING  
COUNTRIES. END TEXT  
TURNER

NOTE BY OC/T: STR AND OIC PLEASE TAKE AS ORIGINAL

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